Report on Greece's Compliance with the Milestones for the disbursement of the June 2013 sub-tranche

(12 June 2013)

This compliance report has been compiled by European Commission staff in liaison with ECB and IMF staff, based on a review of the implementation of the milestones for the disbursement of the June 2013 sub-tranche.

Eurogroup decision on disbursement

The Eurogroup of 13 May concluded that the necessary elements were in place for the approval of the next EFSF instalment, which amounts to EUR 7.5 bn. Member States also agreed upon the composition of the instalment. It was agreed that the disbursement would take place in two sub-tranches. A first sub-tranche of EUR 4.2 bn was approved by the EWG and the EFSF Board of Directors on 15 May, following the completion of the national procedures and the full implementation of the prior actions. The disbursement took place on 17 May. The disbursement of the second sub-tranche is linked to the implementation of three MoU milestones, which are:

- Appointment of the national coordinator for anti-corruption, the coordination committee and its chairman, and the advisory committee, and second the eight staff provided for by the law;
- Facilitate the resolution of unsustainable household debt, by passing legislation to introduce a new 'Facilitation programme' and revising law 3869/2010 to address the implementation shortfalls identified during its first three years of enactment;
- Presentation of a detailed action plan for the transition of the electricity market to the EU Target Model, with identified time bound steps and a date for its substantial completion. The plan will establish competition, stimulate entry, reflect the reforms of PPC, and remove market distortions; and it will not entail State Aid.

Anti-corruption

The measures to be taken in application of the provisions of the first article of law n.4152/2013 have been implemented. These are the appointment of the National coordinator to fight corruption, of the Steering Committee for the fight against corruption, of the Advisory board for the support of the National coordinator, and the secondment of 8 staff to the national coordinator structure, which have been completed by 11 June.

Household debt

The Ministry of Development submitted and Parliament approved on 10 June amendments to Law 3869/2010. Definition of acceptable living expenses was not included in modifications as required by the MEFP. At the same time, the legislation for a new “Facilitation Program” targeted at low-income individuals in deep financial distress to facilitate the resolution of unsustainable household debt was passed. The introduced scheme fulfilled the requirements set in the MoU.

Energy

The draft action plan was notified to the Commission by the Ministry of Energy on 10 June. The milestone is therefore completed. Commission services will provide comments as established in the MoU. The authorities will have to adopt the plan incorporating these comments by the end of June.

Recommendation

Based upon this report, the Euro Working Group is asked to endorse the disbursement of the June sub-tranche of € 3.3 billion. Following this endorsement, the EFSF Board of Directors will take the formal decision for the disbursement.

Annex

Table 8. Milestones for the disbursement of the sub-tranche of the 3rd release

Milestones for June Disbursement (from MoU, May actions)	Area	MOU section
Appoint the national coordinator for anti-corruption, the coordination committee and its chairman, and the advisory committee, and second the eight staff provided for by the law. (May 2013)	(Fight against tax evasion, money laundering and corruption)	2.3.2.12
Facilitate the resolution of unsustainable household debt, by passing legislation to introduce a new 'Facilitation programme' and revising law 3869/2010 to address the implementation shortfalls identified during its first three years of enactment (end-May).	(financial sector, household debt)	3.7.4 and 3.7.5
Building upon the report of RAE published in December 2012 and RAE recommendations, the authorities will present to the EU Commission Services before end-May 2013 for consultation a detailed action plan with identified time bound steps and a date for its substantial completion, for the transition of the electricity market to the EU Target Model. This plan will establish competition, stimulate entry, reflect the reforms of PPC, and remove market distortions; and it will not entail State Aid.	(Energy, electricity market)	6.1.5.1

Source: Compliance report: Occasional Paper 148, 2013
http://ec.europa.eu/economy_finance/publications/occasional_paper/2013/op148_en.htm